

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

RATE AND SERVICE CHANGES TO IMPLEMENT
BASELINE NEGOTIATED SERVICE AGREEMENT
WITH LIFE LINE SCREENING

Docket No. MC2007-5

RESPONSES OF POSTAL SERVICE WITNESS YORGEY
TO INTERROGATORIES OF THE AMERICAN POSTAL WORKERS UNION, AFL-CIO
(APWU/USPS-T1-6 and 8)
(December 19, 2007)

The United States Postal Service hereby provides the responses of witness Yorgey to the following interrogatories of the American Postal Workers Union, AFL-CIO (APWU), filed on December 5, 2007: APWU/USPS-T1-6 and 8. Interrogatory APWU/USPS-T1-7 has been redirected to Life Line Screening witness Eric Greenberg (LLS-T1-1).

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.

Elizabeth A. Reed

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3179, Fax -6187
December 19, 2007

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION

APWU/USPS-T1-6. In your response to APWU/USPS-T1-5 you indicated that the actual 2007 volumes mailed by Life Line Screening were almost 11 percent above the original estimates for the year.

a) When did the Postal Service become aware of the fact that the actual volume was going to be substantially above what was expected for the year?

b) Did Life Line Screening ever discuss the expected impact this new business development partner would have on its mail volume in 2007 with the Postal Service?

c) Has Life Line Screening provided the Postal Service with any estimates of the potential impact this new development partner might have on the base line volumes in other years?

RESPONSE:

a. The Postal Service became aware of actual FY2007 volumes in late October.

b. No, though the Postal Service had a general understanding that changes in business development partners could affect Life Line Screening's mail volume.

c. No, other than indicating that the loss of six vans in early 2008 will offset the impact of the new business development partner.

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APWU/USPS-T1-8. Given that some of the business assumptions used in the original financial analysis are now different, have you estimated the financial gains and losses for the Postal Service under the assumption that:

- a) Life Line Screening mails the same amount during the forecast period as it mailed in 2007?
- b) Has Life Line Screening provided a new baseline with which to evaluate this deal given the changes in its business that have recently taken place?
- c) If so, have you made new financial estimates using those projections and what do they show?
- d) If not, why hasn't the Postal Service requested such information since it seems circumstances would lead to an outcome different than the one the Postal Service assumed in its original calculations?

RESPONSE:

- a. If FY2007 volume is the same as the After Rates volume for the 3 year forecast period, the financial value of the NSA would change as follows:
 - Year 1, an increase of \$187,567
 - Year 2, a decline of \$296,665
 - Year 3, a decline of \$304,257
- b. No. The Before Rates volume forecasts for 2008-2010 remain the same.
- c. N/A
- d. The forecasts and thresholds have not changed because the financial impact on the Postal Service in Year 1 will only result in exposure of \$100,000.